

# Size of rate hike request decried

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The state consumer group charged with watching out for the interests of residential utility customers is calling for Rocky Mountain Power to get a far smaller rate increase than it is requesting.

Michele Beck, director of the Utah Committee of Consumer Services, said the group's analysis of the utility's pending request show it deserves an increase of \$8.5 million rather than the \$100 million it wants.

"In our view, they haven't made their case that they deserve that large of an increase," Beck said, indicating the committee's analysis was based on work performed by its staff and a number of outside consultants.

If state utility regulators grant the company's request to raise its rates by \$100 million, the typical residential customer's power bill would go up \$2.80 a month. If the Committee of Consumer Services gets its way, the bill would go up around 25 cents a month.

In December, Rocky Mountain Power asked state utility regulators at the Utah Public Service Commission to allow it to increase its rates by \$161 million. The company was forced to scale back that request to \$100 million after the PSC shortened the time period during which the utility could calculate how much money it needed to run its system.

The Utah Division of Public Utilities, which is charged with balancing the interests of utilities and their customers in rate cases, also is arguing for a smaller rate increase - \$46.1 million instead of \$100 million.

Rocky Mountain Power spokesman Dave Eskelsen contends that both recommendations fall far short of the money the utility needs to continue to build generating facilities to address the rapidly growing power needs of consumers and businesses in Utah.

"We believe we have support from the Utah Legislature and regulators to expand our generation and transmission systems to ensure safe and reliable service to our customers," Eskelsen said. "We believe we can make a strong case in support of our requested increase."

Beck said the consumer services committee agrees that Rocky Mountain Power should get everything it needs to continue to serve customers. "Our view, though, is that they have completely overstated their needs."

The committee's analysis, for example, indicates that property tax expenses the utility is trying to recapture might be overstated by almost \$5 million. The committee believes adjustments could be made in accounting for expected labor costs that could reduce the utility's needs by more than \$11 million.

In addition, the committee argues that keeping the "rate of return" Rocky Mountain Power is allowed to earn on its assets at 9.85 percent rather than increasing it to the requested 10.25 percent would save consumers \$31.6 million.

Beck emphasized that in recommending the utility receive the \$8.5 million increase, the committee in no way is trying to aim low in order to have a strong bargaining position

for any future discussions on settling the rate case.

"This is our litigation position" that the committee intends to present to the PSC, Beck said. "We have never intended to settle this case."

The PSC has scheduled hearings on Rocky Mountain Power's request to begin 9 a.m. June 2 and continue through June 10. A public witness day, where consumers can present their opinions, will be conducted 4:30 p.m. June 5.

Under state law, the PSC must hand down a decision on rate cases within 240 days of the utility's initial filing. In Rocky Mountain Power's existing rate case, that date is Aug. 13.

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